2003

Report Card

December 2003

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Dear Tourism Partner:

As Chair of the Tourism Partnership Council, I am pleased to outline the accomplishments of the Council in its fifth year of operation.

This report is prepared as part of our accountability to industry and government. It highlights this year's achievements, including an analysis of our current market conditions, activity indicators for 2003, and results from our 2003 Integrated Tourism Plan.

Nova Scotia Tourism Partnership Council activities have effectively supported the growth of tourism — a major contributor to our provincial economy and benefits all Nova Scotians.

A major objective in forming the Council was to enable the private sector to participate in decision making, to better integrate programming with private sector activities, and to drive visitation and revenue growth. The Council has many accomplishments to report for 2003.

Highlights include:

- The Tourism Vision Team (TVT) unveiled its first Vision annual report to industry at the 2003 Tourism Summit and Expo in November. The presentation of the Vision Annual Report included highlights of where this Vision has taken us and also included a roll out of some of the recommendations.

- In January 2003, Nova Scotia's Vision for Tourism took its first step to realization with the appointment of a multi-partner Transition Team to further develop, prioritize and ensure the implementation of the Vision recommendations. The team consisted of senior representation from TIANS, the Council, and the Department of Tourism and Culture, as well as Gordon Stewart, Past-Chair of the Council's Vision Committee. The team was responsible for preparing an overall work plan to address the delivery of the Vision recommendations. The Transition Team's mandate was completed within six months, at which time the Tourism Vision Team (TVT) was created in July 2003.

- The TVT is a unique collaboration between the Department of Tourism and Culture, TIANS and the Tourism Partnership Council. Their role is to 'champion' Vision by engaging partners, guiding the implementation of the 11 Vision recommendations, and helping to build momentum for the effort. It's the TVT's job to ensure that Tourism and Tourism needs are top-of-mind – building the Tourism 1st attitude. The TVT will seek additional members depending upon priorities, strategic activities and resources necessary as Vision unfolds. For example, the TVT has invited a senior representative of ACOA Nova Scotia to sit on the team to help better integrate ACOA Tourism programming in line with Vision. The Tourism Vision Team is chaired by Gordon

Stewart, who was an architect of the Vision and will assist in refining its recommendations and providing continuity as we move forward to achieve the Vision's goal of 100% Tourism revenue growth by 2012.

- To date, the TVT has achieved the following:
  - Developed TVT "Terms of Reference".
  - Drafted a comprehensive communications strategy.
  - Applied for ACOA funding to establish a Secretariat, which will include a Senior Project Manager to lead, plan, organize and coordinate the Tourism Vision work plan.
  - Key groups have been asked to develop a plan to 'drive' each recommendation.
  - Developing a task team to oversee the 'Administration of Tourism' recommendation. Doug Fawthrop has agreed to chair the task force.
  - A work plan has been completed by the Tourism Partnership Council for Recommendation #1 (Support and enhance the development of geographic areas...) as a first step in implementing this recommendation. Part of the work plan includes criteria that explain what an area would require to double Tourism revenues and achieve our Vision goal.
  - Work plans have also been completed for the other three Vision recommendations that the Council agreed to develop:
    - Recommendation #2 (Drive the development of three new "star generators"...)
    - Recommendation #5 (Tourism sector accelerates the use of performance-based marketing...)
    - Recommendation #7 (Tourism stakeholders accelerate the current use of e-marketing and Internet opportunities...)

- The Tourism Vision Team has outlined its next steps to the Tourism industry, which will require the involvement of the industry in order to achieve our Vision goal.
  - Work to solidify resources – money, materials and manpower.
  - Establish a Secretariat, lead by a Senior Project Manager to spearhead and coordinate activities and be fully supported by a communications team whose role will be to spread the Vision throughout the province, so that Vision becomes incorporated in all Tourism-related plans.
  - Engage all Tourism industry partners and establish links with key influencers, such as Nova Scotia Business Inc., ACOA, Municipalities and Chambers of Commerce//Boards of Trade throughout the province.
  - Provide Vision presentations throughout Nova Scotia to widen the circle of understanding and support..
  - Report back to industry on a regular basis on the development of Vision.

- The TVT has urged the Tourism industry to get involved by communicating their ideas to TIANS, the Council and the Department. Industry has been asked to consider volunteering to join a task team or become a project leader. This is our most challenging task ever. We can realize this Vision if we work together to create a Tourism 1st attitude.

- The Council implemented Nova Scotia's 2003 Integrated Plan. This plan included an overview of our Tourism priorities and programs for 2003 using marketing, product development, policy, partnerships and research initiatives, often in combination, to address the six strategic objectives of the Tourism Strategy. *Highlights included:*
  - Adopting and implementing the E-Marketing Strategy, which was prepared by the Council's E-Marketing Committee in 2002.
  - Focusing product development efforts on seasonality; market-readiness and quality; and sustainability.
  - Developing new niche-market products and experiences to extend the season.
  - Building and strengthening current partnerships.
  - Finding new non-traditional partnerships.
  - Testing new market opportunities, such as the motorcycle market, as well as cuisine and wine.
  - Building on programs directed at golf, outdoor, meetings and conventions, and group touring (motorcoach and cruise).
  - Enhancing coastal experiences and access through products and experiences.

- Nova Scotia's Partnership Opportunities for 2003 was delivered to industry in October 2002. The 2002 booklet provided industry with deadlines and costs for our traditional programs, and introduced several new ones. In addition, there was an increase in online and downloadable components to the programs offered.

- Secured dollars from the Atlantic Canada Tourism Partnership (ACTP) to promote the Nova Scotia brand.

- Marketing partnerships in 2003 amounted to over $7 million.

- With an additional $300,000 injected into the Maritimes market, Nova Scotia mounted **"Right Here. Right Now."** – a multimedia campaign that received national attention when it won top honours from TIAC as "Marketing Campaign of the Year".
  - This campaign sent Nova Scotia's top of mind awareness among our customers through the roof.

- Launched a successful campaign in Ontario in April 2003, thanks to an additional provincial investment of $500,000. The "Operation Ontario" program was launched with an integrated promotional effort at the Toronto Travel and Leisure Show.
  - This campaign also incorporated the successful "Right Here, Right Now" television ads to our Ontario market.
- The Internet was a very big winner in 2003. Overall, visits to novascotia.com rose 23%. The volume of travel information downloaded by visitors from novascotia.com grew by nearly 400%!

- Supported numerous regional tourism initiatives with the Destination Marketing Programs.

- Tourism Development investment of approximately $540,000 was used to partner in 37 projects totaling over $2 million in development activity – a leverage of 4-1. Partners included not-for-profit groups, regional tourism and development associations, private sector, and federal funding partners to name a few.

- Hosted the first Product Development Day (Truro, April 2003) that focused on "Quality of Experience". Attendance (approximately 85 participants) and enthusiasm at this event was excellent. Operators who attended this session are putting into action the ideas and concepts that were discussed.

- Continued efforts on a variety of initiatives in partnership with the Tourism Human Resource Council, in order to maintain the integrity and quality of existing products and attractions.

- Established a Quality Task Force of the Nova Scotia Tourism Partnership Council to focus on improving quality. The Task Force completed a report that identifies issues and opportunities for quality and provided the Council with recommendations on Quality in November 2003.

- Continued efforts on coastal hiking trail enhancement and development by further enhancing Cape Chignecto and Cape Breton Highlands National Park.
    - Created a new interpretive hiking brochure. "Take a Hike" brochure highlights about 20 trail experiences around the province and is also available online at novascotia.com.

- Acadian organizations from across Nova Scotia joined forces through a Joint Committee on Acadian Tourism. This group is currently developing a long-term Acadian Tourism Strategy that will add a new and uniquely Nova Scotia product to our growing list of authentic and memorable experiences. Issues from this Committee have been incorporated into the 2004 Tourism Plan.

- This year, Le Village Historique Acadian de la Nouvelle-Ecosse became the 27th provincial museum in the Nova Scotia Museum family.

- Collaborated with Festivals and Events organizers to build an aggressive new strategy for marketing festivals and events.

- Developed a closer working relationship between Product Development, Marketing and Sales and Partnerships by creating an integrated Tourism Plan Task Force to develop the 2004 Tourism Plan.

- The IRM Task Force was initially established in January 2001 to respond to the Integrated Resource Management planning process for Crown Lands being undertaken by the Department of Natural Resources (DNR), and to address ways of providing

tourism input into decision-making concerning land use management on Crown Lands administered by DNR.

- Developed Terms of Reference for a consulting study to model tourism values on Crown Lands, and provide a map of tourism values in the pilot area of Guysborough and Antigonish Counties. The tourism values will be provided as input into the IRM process for the Mulgrave Plateau Ecodistrict, the Crown Land parcel for which a Long Range Management Plan is being prepared by Natural Resources.

- Tourism Resource Values Modelling project put out to tender Summer 2002; contract awarded to EDM Ltd. Fall 2002; anticipated completion date was March 31, 2003. The project was more ambitious and the model more elaborate than anticipated. A draft report was presented late in November and the two stakeholder sessions will be held in January 2004.

- Refined the IRM Task Force mandate to address other natural resource issues of concern to the long-term sustainability of the tourism sector (over and above IRM), with a focus on coastal access, conservation / protection, and land-use/oceans management on public and private lands.

- The Visitor Information Services (VIS) Committee was tasked to develop and implement a 5-year Visitor Information Services Strategy which will provide a broad perspective on how we service Nova Scotia's visitors from a customer and quality services perspective. Using the recommendations developed by the VIS Task Force the previous year in their discussion paper, the Committee have been working for a number of months on developing the Strategy. VIS Strategy was expected to be complete by January 2003. The goal is to grow the tourism industry in Nova Scotia, thereby stimulating the economy of the province. The Strategy is market-driven and client-focused and based on what our visitors told us. However, the Executive of the Council requested the Committee to develop a communications plan and also look at the impact of various recommendations on the industry. These initiatives will be presented to Council in December 2003.

2003 Marke. Conditions and Activity Indicators:

We reported last year that 2002 unfolded as an unprecedented and unchartable year for Tourism. For 2003, the consensus across Canada seemed to be that it was one of the most difficult years for our industry in recent memory. The Tourism industry faced tremendous volatility and unpredictability throughout the season. September 11, 2001 terrorist attacks triggered a dramatic change in travel behaviours. Since then, we have faced events that have drastically affected travel patterns. We have been confronted with a weak economy, a rising Canadian dollar, SARS, war and security concerns, as well as political discord between neighbours. Rising insurance costs and last minute bookings have challenged our industry. Our country also experienced fires, blackouts and closer to home, a hurricane – the force of which has not been seen in a century. Overall, traffic to Canada in 2003 was down.

While Nova Scotia experienced an overall decline in visitation in 2003, we weathered the challenges better than many destinations in North America. Some sectors of our industry performed better than others. For example, on an overall province-wide basis, our accommodations sector fared reasonably well, despite thousands of room nights lost from the motorcoach sector. However, results did vary from one area of the province to another, with both Halifax and the Annapolis Valley posting gains. The average room rate reported by industry also showed some strength with an increase of 4%.

Much of Halifax's strong performance was largely due to the success in attracting major events, such as the World Junior Hockey championships and the Nokia Brier in a traditionally slower time of year.

To the end of October, Nova Scotia's non-resident visitations had dropped 3%. However, we do have to keep in mind that our lower numbers this year are compared to a bumper year in 2002 that build upon five years of growth.

Quebec visitation was down by 11% and Atlantic Canada traffic dropped by 4%. Given the particular circumstances of 2003, it is no surprise that we experienced a significant drop in visitation from the United States, with a decrease of 14% in Northeastern United States and the Mid Atlantic was down 22%. If we include all other parts of the United States, overall American traffic is down by 14%.

On a positive note, Ontario traffic was very strong – up by 9% overall in 2003. Strong domestic air capacity gave Ontario visitors new fly-in options. As well, traffic from Western Canada increased by 5%. Visitation from overseas points of origins (primarily Europe, which is a high yield market) was up by 17%.

Because of the unusual and unprecedented nature of this past year, we cannot predict with certainty what our final industry revenue numbers will be for 2003. With our current information, tourism revenues are expected to drop by about 3%, from $1.3 billion to $1.27 billion.

The means by which travellers gather information about potential destinations has been changing dramatically over the past few years. Globally, the Internet is playing a larger role in the provision of travel information. It is easy, fast, convenient, comprehensive, and can be anonymous. As an indication of this growth, the NovaScotia.com web site has experienced substantial increases this year both in the number of unique visitors to the site, as well as the number of information pieces downloaded by Internet users. To the end of October 'visits' were up 24% and 'downloads' were up more than 390% compared to the same time frame in 2002. Further substantiating this change in ways of gathering information about a destination, we have witnessed a significant decrease in the number of literature requests for print material about Nova Scotia. The number of unique and 'in-market' inquiries this year has decreased 41% from 419, 800 inquiries in 2002 to 249,449 inquiries in 2003. People responding to advertisements about Nova Scotia, who in the past would have made an inquiry for print material, are now able to freely access information without leaving contact information so we can not make the link to advertising.

This decrease in literature inquiries has a direct impact on our ability to measure the success of our marketing programs. In 2002, based on a 21% conversion for the more than 400,000 ad-generated inquiries, the expenditure estimate was $172 million. However, preliminary estimates for 2003 indicate that while the conversion rate has increased from 21% to 25%, the reduction in ad-generated inquiries to approximately 250,000, produces a 34% decrease in expenditures with $113 million directly attributed to advertising campaigns.

Many jurisdictions are experiencing the same problems and are attempting to measure anonymous Internet activity that is ad-generated. The US committee of the Atlantic Canada Tourism Partnership has begun this process here in Atlantic Canada and will be reporting soon on outcomes from this process. New web tracking software is also being used to distinguish how many individuals are downloading how many pieces of information. Although we are able to track the website activity we are not able to match this up with who the person is. It is important to note that identifying web users is a violation of most, including our provincial, privacy policies. Overall, bench marking and continuously improving anonymous web metrics is important to measuring Internet activity, which will remain largely anonymous.

Our partners continue to contribute where best they can in marketing and development efforts, unilaterally as well as in partnership with the Department of Tourism, Culture and Heritage. Industry contribution has also included a huge time commitment to the process, and numerous other in-kind contributions. Further, the number of industry volunteers who assist the Council in creating our plans on an annual basis has substantially increased yet again.

Government is supporting our activities through a budget for tourism marketing and product development programs, as well as funding for administrative support. Staff from the Tourism Division continue to provide exemplary support to our effort, and we thank them for their commitment.

On behalf of the Tourism Partnership Council, we trust you will find this report informative. The following documents have been included to augment this report for your information.

- Nova Scotia 2003 Integrated Plan
- Nova Scotia 2003 Partnership Opportunities
- Nova Scotia's Vision for Tourism Report
- Nova Scotia's Vision for Tourism Presentation
- Tourism Plan Video for 2003
- List of the Tourism Partnership Council Members
- List of all the TPC Committee and Task Force Members

Your continued commitment and support to the Council is greatly appreciated, as we work together with our industry partners to strengthen the Tourism industry and create a Tourism 1st attitude that will help to achieve our Vision of 100% tourism revenue growth by 2012.

Sincerely,

Paul Stackhouse
Chair, Tourism Partnership Council